

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 04 ASUNCION 000875

SIPDIS

STATE FOR WHA/BSC AND EB/IFD/OIA  
STATE PASS TO USAID FOR LAC/AA  
STATE PASS TO USTR FOR SCRININ AND LYANG  
NSC FOR SUE CRONIN  
TREASURY FOR OSIA MAUREEN WAFER  
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR  
COMMERCE FOR ITA SARAH COOK  
SOUTHCOM FOR POLAD DAN JOHNSON  
USUN FOR NICK ROSTOW

E.O. 12958: DECL: 06/27/2015

TAGS: PGOV PREL PTER KCRM EAIR ECON CVIS VE CU PA UN  
SUBJECT: PARAGUAY: VP CASTIGLIONI DISCUSSES SECURITY  
COOPERATION, MONEY LAUNDERING AND COUNTER TERROR  
LEGISLATION, VISAS, OPEN SKIES, AIRPORT SOLICITATION, CUBAN  
DOCTORS, VENEZUELA

Classified By: Polcouns James P. Merz for reasons 1.4 (b) and (d).

11. Action request: State/USUN see paras. 2 and 7.

12. (C) Summary and Action Request. On 6/30, Ambassador met with Vice President Castiglioni to discuss his recent trip to the U.S. The Ambassador stressed the need for progress on money laundering and counter terrorism legislation. Post requests Department and USUN consider how we can bring more international (not U.S.) pressure to bear upon Paraguay to this end. (See para. 7) Castiglioni was optimistic about prospects for lifting the current visa requirement for Amcits. He was pleased with the benefits derived from recent adoption of the Open Skies agreement and touted an upcoming solicitation on improving Asuncion's airport. He confirmed reports that many Cuban doctors seek refugee status in Paraguay and shared concern about Venezuela's meddling in the region. End Summary and Action Request.

-----  
U.S. Trip Outstanding  
-----

13. (C) Castiglioni expressed appreciation for the quality of meetings he had with high-level officials including Vice-President Cheney, the SECDEF, CIADIR, DEPDIR FBI, A/S WHA, CHDS Director, and other senior officials from Defense, State, and Homeland Security. He recognized that the Washington schedule was exceptional. He considered it emblematic of strong U.S.-Paraguayan cooperation on security issues. He was enthusiastic about the benefits to be derived from the creation of ICE's trade monitoring module, conduct of CHDS's high-level seminar on developing a national security plan, and anti-kidnapping training. He was hopeful about prospects to receive a visit from SECDEF.

-----  
Money Laundering and Counter Terrorism Legislation  
-----

14. (C) The Ambassador stressed the need for progress soon on money laundering (ML) and counter terrorism (CT) legislation. UNSCR 1373 imposed upon the international community the obligation to adopt laws that address the threat posed by terrorist financing. Paraguay's legal framework was deficient. Paraguay had come up for criticism in the UN's Counter Terrorism Committee (CTC) last year in view of its failure to adopt counter terrorism legislation. A year later, it had still not introduced draft anti-terror legislation to Congress, much less adopted and implemented it. (Note: Post favors approval of a ML before submission of the more controversial CT law, and is pushing hard on all fronts. End note) President Duarte will assume the mantle of UNGA Vice-President in September. It behooved Paraguay to move aggressively to achieve, at the very least, adoption of the money laundering law by one of the houses of Congress and the introduction of the counter terror law to Congress before September.

15. (C) Comment. Our counsel to the VP -- a bit overplayed for effect -- about prospects of public criticism of Paraguay's record upon review by the CTC in September -- produced the desired effect. The Vice-President tasked Carlos Machuca, the VP's advisor on security issues who had accompanied him to the meeting, to obtain a full brief on the legislation. He thought prospects for progress would improve in the next Congressional session starting in July as Senators from his party, the Colorados, would assume leadership of key committees reviewing this legislation. He promised to engage personally in pressing political allies to move on the money laundering legislation first. End Comment.

16. (C) Last December, Paraguay received a team of experts

including reps from CTC (Amb. Loizaga), UNODC, CICTE and UNCHR. They gave Paraguay's CT law a vote of confidence but registered little impact on the political scene as Congressmen at the time were focused on budget negotiations.

17. (C) Last month, post participated in a conference call with reps from UNODC, CICTE, IMF and State (WHA/BSC and SCT) and came to agreement it was time for the IO community to bring more pressure to bear on Paraguay to meet its international obligations. The IO participants agreed that it would be useful to consider making another trip to Paraguay sometime between late July and September under the guise of lending assistance but with the intent to issue statements in public and private reminding Paraguay of its obligations. They stressed the importance of bringing the CTC into this discussion. We agreed to revisit the issue in July once Paraguay elected new leaders to key Congressional committees reviewing the money laundering legislation. With those elections behind us, we intend to reconvene key players for another discussion of timing for a possible visit.

18. (C) Action request: Post requests the Department and USUN consider ways to bring more international (non-U.S.) pressure to bear upon Paraguay. Many opponents of CT legislation are much more open to U.N. arguments than U.S. pressure. Post requests consideration be given to the possibility of prompting the CTC Chairman to write a letter or at least meet (with Paraguay's PermRep) or make a call to Paraguayan officials (a call to the VP Castiglioni or the FM would be ideal if protocol allows) flagging concerns, perhaps in the context of Paraguay's President serving as VP for the upcoming UNGA. Raising with officials in Asuncion as opposed to NY, is more likely to produce results. We welcome other options as appropriate.

-----  
Dropping the Visa Requirement for Amcits  
-----

19. (C) The Ambassador asked the VP for an update on Paraguay's plans to drop the visa requirement for Amcits. FM Rachid had introduced the current requirement when she was Paraguay's Ambassador to the U.S. We understood immediate prospects for lifting this policy had dimmed with the decision that she stay on as Foreign Minister for the immediate future. Castiglioni maintained that the FM was not blocking movement on this issue, attributing delays to more mundane, bureaucratic issues. He promised to look into what needed to be done to finalize plans to implement a new policy that would drop the requirement that Amcits obtain a visa in favor of fee that would be administered upon arrival at the airport.

-----  
Open Skies  
-----

110. (U) Paraguay signed an Open Skies agreement with the U.S. less than two months ago. According to the VP, Paraguay had already started to derive the benefits of the agreement in the form of lower fares to popular destinations in surrounding countries and Spain. The Ambassador encouraged the VP to publicize this information. The government takes much grief from the uninformed public that such agreements only benefit rich multinational firms. However, lower fares benefit everyone, in particular less affluent individuals who otherwise would not be able to travel by air for a business meeting or with their family for a vacation.

-----  
Airport Solicitation  
-----

111. (U) The VP confirmed reports that the GOP was moving ahead in preparing a solicitation for significant infrastructure improvements, including installation of radar and modern communication equipment, at Asuncion's international airport. The government is committed to a transparent process open to international bids.

-----  
Cuban Doctors  
-----

112. (C) Several months ago, the GOP announced it was terminating the Cuban doctors program at the end of the year. The VP also confirmed recent press reports that a fair number -- he said sixty -- of the doctors have requested to stay in Paraguay as refugees. (Note: We believe the VP may be mistaken on the numbers. An MFA source told DCM he thought there were 6 cases of Cuban doctors seeking to stay. We are researching further). Many have married Paraguayans, had children, and opened their own practices in Paraguay. In Paraguay's interior -- not known for its prosperous or modern conditions -- they are living better than they were in Cuba.

The VP said the Cuban doctor in his home town in San Pedro is an example; she has a clinic, a truck, and is "never going back" he said. Comment. One of Paraguay's leading newspapers recently produced a series of articles praising the alleged achievements of the Cuban revolution. The fact that many of Cuba's doctors do not want to return to Cuba and seek refugee status here is clearly embarrassing to Cuba and may explain why Cuba has not registered any public objection to the GOP's plans to drop its doctors program. Post seeks to obtain more information on this issue particularly with a view to bringing it more to the attention of the Paraguayan public to debunk myths about the Cuban paradise. End Comment. The VP reiterated that he would also like to end the sending of Paraguayans to Cuban medical schools. He was pushing this idea, with the excuse that the GOP could not afford to transport them, but Cuba then offered to fly them free. (Note: It is unclear that VP could have delivered on this, even without the Cuban offer; hundreds of poor Paraguayans see the scholarship program as a chance for a better future and this carries political weight. End note)

-----  
Venezuela's Activities  
-----

13. (C) Air Force LtG Soley (please protect) recently informed the Ambassador that Venezuela had offered to pay for costs (fuel, housing, etc.) for a visit by classes from Paraguay's Strategic Studies Institute to Venezuela. The Ambassador warned Soley that he would be given a dog and pony show designed to sing the virtues of the "Bolivarian Revolution." It would be a bad idea for Paraguay to accept but if it did participants should seek a meeting with the democratic opposition and independent media. Without identifying his source, the Ambassador asked the VP for his views on this issue, expressing U.S. misgivings. The VP was unaware of the offer, signaled he shared our misgivings, and assured us he would look into the matter.

14. (C) Comment: Post wants to commend and congratulate Washington partners for the outstanding schedule it put together for the VP's visit. Paraguay seeks to strengthen cooperation with the U.S., particularly in view of rising security concerns. The VP is a key player on the political scene in Paraguay. He enjoys a solid relationship with President Duarte. Given his youth, ambition, and political acumen, he will surely be a key player on Paraguay's political scene for the indefinite future. Post has already cultivated a strong relationship with the VP as someone we can go to on key issues. The meetings that he had in Washington solidified that relationship immeasurably. We expect to see the return on this investment not only in terms of a stronger personal relationship with the VP, but more importantly, in the form of deeper cooperation with the U.S. on key issues including the fight against terror and international crime and promoting economic trade and development. End Comment.

KEANE